

BANK INDONESIA REGULATION
NUMBER 23/4/PBI/2021
ON
THE FOURTH AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 15/17/PBI/2013 ON HEDGE SWAP TRANSACTIONS
TO BANK INDONESIA

BY THE BLESSINGS OF THE ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

Considering : a. that Bank Indonesia aims to achieve and maintain rupiah stability;

b. that to support rupiah stability requires domestic foreign exchange market deepening, one of which through development of hedge swap transactions to Bank Indonesia in a sustainable manner;

- c. that to increase the effectiveness of hedge swap transactions to Bank Indonesia, adjustment to reference rate is required;
- d. that based on the considerations as referred to in point a, point b, and point c, Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia amended several times and last by Bank Indonesia Regulation Number 18/13/PBI/2016 on the Third Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia requires adjustments;
- e. that based on the considerations as referred to in point a, point b, point c, and point d, it is necessary to enact Bank Indonesia Regulation on the Fourth Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia;

Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66,

Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and last by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);
3. Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2013 Number 237, Supplement to State Gazette of the Republic of Indonesia Number 5480) as amended several times and last by Bank Indonesia Regulation Number

18/13/PBI/2016 on the Third Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2016 Number 173, Supplement to State Gazette of the Republic of Indonesia Number 5920);

HAS DECIDED:

To enact : BANK INDONESIA REGULATION ON THE FOURTH AMENDMENT TO BANK INDONESIA REGULATION NUMBER 15/17/PBI/2013 ON HEDGE SWAP TRANSACTIONS TO BANK INDONESIA.

Article I

Several provisions of Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2013 Number 237, Supplement to State Gazette of the Republic of

Indonesia Number 5480) as amended several times and last by Bank Indonesia Regulation:

- a. Number 16/19/PBI/2014 on Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2014 Number 215, Supplement to State Gazette of the Republic of Indonesia Number 5583);
- b. Number 18/8/PBI/2016 on the Second Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2016 Number 94, Supplement to State Gazette of the Republic of Indonesia Number 5881);
- c. Number 18/13/PBI/2016 on the Third Amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2016 Number

173, Supplement to State Gazette of the Republic of
Indonesia Number 5920),

are amended as follows:

1. Provisions of Article 9 are amended, and therefore,
Article 9 reads as follows:

Article 9

- (1) In the event that a Hedge Swap Transaction to
Bank Indonesia is made in United States dollar
against rupiah, the spot rate used shall be the
Jakarta Interbank Spot Dollar Rate (JISDOR) on
the previous business day.
- (2) In the event that a Hedge Swap Transaction to
Bank Indonesia is made in any foreign currency
other than United States dollar against rupiah, the
spot rate used shall be a cross rate calculated
based on the Jakarta Interbank Spot Dollar Rate
(JISDOR) on the previous business day.

2. Provisions of paragraph (1) point b, paragraph (2), paragraph (4) point b point 2, paragraph (7), paragraph (8), and paragraph (9) of Article 15 are amended, and therefore, Article 15 reads as follows:

Article 15

- (1) The Bank that breaches the provisions as referred to in Article 2 paragraph (3), Article 6 paragraph (5), Article 6 paragraph (6), Article 7 paragraph (1), and/or Article 7 paragraph (3) shall be subject to the following sanctions:
 - a. written warning; and
 - b. payment obligation amounting to 0.1% (zero point one percent) of the value of a Hedge Swap Transaction to Bank Indonesia paid in rupiah denomination by using:
 1. Jakarta Interbank Spot Dollar Rate (JISDOR) on a business day prior to the

transaction date for the Hedge Swap Transaction to Bank Indonesia in United States dollar against rupiah; or

2. cross rate calculated based on Jakarta Interbank Spot Dollar Rate (JISDOR) on a business day prior to the transaction date for the Hedge Swap Transaction to Bank Indonesia in a foreign currency other than United States dollar against rupiah.
- (2) The highest amount of payment obligation sanction as referred to in paragraph (1) point b is Rp1,000,000,000.00 (one billion rupiah) per Hedge Swap Transaction to Bank Indonesia.
 - (3) The Bank that breaches the provisions as referred to in Article 11 point c and/or Article 12 paragraph (1) shall be subject to sanction of written warning.
 - (4) The Bank that breaches the provisions as referred to in Article 13 paragraph (2) and/or Article 13

paragraph (3) shall be subject to the following sanctions:

- a. written warning; and
- b. payment obligation which is calculated based on:
 1. average effective Fed Fund rate applicable during a delay period plus margin of 200 (two hundred) basis points multiplied by transaction nominal amount multiplied by the number of delay day(s) divided by 360 (three hundred sixty) for payment obligation settlement in United States dollar;
 2. average Bank Indonesia policy rate applicable during a delay period plus margin of 350 (three hundred fifty) basis points multiplied by transaction nominal amount multiplied by the number of delay day(s) divided by 360 (three

hundred sixty) for payment obligation settlement in rupiah; or

3. average interest rate issued by the central bank or monetary authority in the relevant country (official rate) applicable during a delay period plus margin of 200 (two hundred) basis points multiplied by transaction nominal amount multiplied by the number of delay day(s) divided by 360 (three hundred sixty) for payment obligation settlement in a foreign currency other than United States dollar.
- (5) Settlement of the payment obligation sanction as referred to in paragraph (1) point b is applied through debiting the rupiah checking account of the relevant Bank at Bank Indonesia.
- (6) Settlement of the payment obligation sanction as referred to in paragraph (4) point b point 1 or point 2 is applied through debiting the foreign currency

checking account or rupiah checking account of the relevant Bank at Bank Indonesia.

- (7) Settlement of the payment obligation sanction as referred to in paragraph (4) point b point 3 is applied through debiting the rupiah checking account of the relevant Bank at Bank Indonesia with conversion rate to rupiah by using cross rate calculated based on Jakarta Interbank Spot Dollar Rate (JISDOR) on a business day prior to the transaction date.
- (8) If necessary, Bank Indonesia may change the margin as referred to in paragraph (4) point b.
- (9) Further provisions on the sanction imposition procedure and margin change as referred to in paragraph (8) are regulated in Regulation of Member of Board of Governors.

Article II

This Bank Indonesia Regulation comes into force on 5 April 2021.

In order that every person may know hereof, it is ordered to promulgate this Bank Indonesia Regulation by its placement in State Gazette of the Republic of Indonesia.

Issued in Jakarta

on 29 March 2021

GOVERNOR OF BANK INDONESIA,

SIGNED

PERRY WARJIYO

Promulgated in Jakarta

on 31 March 2021

SIGNED

MINISTER OF LAW AND HUMAN RIGHTS

REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2021 NUMBER 85

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 23/4/PBI/2021
ON
THE FOURTH AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 15/17/PBI/2013 ON HEDGE SWAP TRANSACTIONS
TO BANK INDONESIA

I. GENERAL

In order to support domestic foreign exchange market deepening under condition with limited swap instruments in the financial market on medium and long terms, Bank Indonesia provides hedge swap instruments for domestic market participants that are expected to be able to support liquidity management and maintenance of rupiah exchange rate stability. Bank Indonesia continuously develops Hedge Swap Transactions to Bank Indonesia. The latest development is conducted to increase the effectiveness of Hedge Swap Transactions to Bank Indonesia in the form of adjustment to the use of reference rate issued by Bank Indonesia in line with the implementation of Jakarta Interbank Spot Dollar Rate (JISDOR) strengthening.

In connection therewith, it is necessary to make the fourth amendment to Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedge Swap Transactions to Bank Indonesia.

II. ARTICLE BY ARTICLE

Article I

Point 1

Article 9

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The term “cross rate” means exchange rate between two currencies that are both valued against a third currency.

Point 2

Article 15

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Point a

Sufficiently clear.

Point b

Point 1

The term “average effective Fed Fund rate” means average effective Fed Fund rate on 1 (one) business day prior to the breach.

Point 2

The term “Bank Indonesia policy rate” means Bank Indonesia 7-day Reverse Repo Rate (BI 7-day Repo Rate).

Point 3

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Paragraph (6)

Sufficiently clear.

Paragraph (7)

Sufficiently clear.

Paragraph (8)

The change of margin may be applied among others by considering the economic condition.

Paragraph (9)

Sufficiently clear.

Article II

Sufficiently clear.